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SUBJECT: Hesse Waits for Hamburg before Breaking Political Deadlock

REF: Frankfurt 0265; Berlin 0137

Sensitive but unclassified; not for internet distribution.

¶1. SUMMARY: Two weeks after the Hesse state election, the political parties remain deadlocked on forming a government with few discernable signs of movement. With state elections in Hamburg coming up soon, all sides appear to be biding their time for now. The disastrous CDU campaign in Hesse has already translated into lower approval ratings for the party and Chancellor Merkel nationwide. Increasingly, national politicians are weighing in to break the impasse in Hesse and staking out positions for the 2009 federal election. END SUMMARY.

NO CLEAR WINNER, NO CLEAR WAY FORWARD

¶2. The January 27 Hesse state election ended in a virtual tie between the Christian Democratic Union (CDU) and the Social Democratic Party (SPD), both of whom won forty-two spots in the 110-seat Landtag (state parliament). CDU Minister President Roland Koch fared far worse than expected, but still claimed victory on election night, having won 3,535 more votes than his SPD rival Andrea Ypsilanti. With these results, the CDU cannot form a government with its preferred partner, the Free Democratic Party (FDP) which gained eleven seats. Likewise, the SPD cannot form a government with its partner, the Green Party, which has nine seats. With many of his opponents immediately calling on Koch to resign after what they categorized as a defeat, he has since kept a low profile, going on vacation and making few public appearances.

¶3. In Hesse, all parties appear to be waiting for the results of the February 24 election in Hamburg. With the SPD and CDU locked in a tight race there, neither side wishes to tip the balance by trying to make a deal in Hesse. The parties have made a few "low-ball offers" and a few face-to-face meetings have taken place. The SPD remains adamant that it was the clear victor, having come from far behind to win nearly as many votes as the CDU, and has called on the FDP to join it and the Greens in a government. For their part, however, both Hesse FDP leader Joerg Uwe Hahn and national leader Guido Westerwelle have maintained that they will only join a government led by the CDU.

¶4. The CDU has expressed a preference for a CDU-FDP-Green coalition, but also could, alternatively, form a CDU-SPD "Grand Coalition." Both options are difficult to imagine, however, given the intense animosity the Greens and the SPD have for Koch. Media sources speculate that Roland Koch will eventually step down, clearing the way for a CDU-led government. CDU Education Minister Karin Wolff announced her resignation this week in a small olive branch to both the SPD and the Greens, who covet the ministry. Recent Emnid and Forsa polls put the national CDU at 35%, its lowest number in several months, and Chancellor Angela Merkel's own popularity is down slightly as well. This decline has been largely ascribed to the misjudged CDU campaign in Hesse. Reacting negatively to Koch's anti-foreigner tone, several CDU politicians

across Germany have already attempted to distance themselves from his right-leaning politics.

ENTER THE NATIONAL PARTIES

15. The only clear winner so far is the newly formed Left Party, which will enter the parliament for the first time with six seats. Hesse Left Party leader Willi Van Ooyen has announced that his party would support, but not necessarily participate in, a SPD-Green minority government. While such a coalition would be possible, SPD leader Andrea Ypsilanti has said she would not accept it. The SPD and the Left party have so far not cooperated outside of the former eastern German states, and a deal in Hesse could possibly split the SPD both at the state and national levels. At the same time, left-leaning national Green Party leaders Juergen Trittin and Christian Stroebele called last week on their party and the SPD to consider working with the Left Party, a move that other national Green Party leaders promptly rejected.

16. The new parliament will be sworn in on April 5. If no deal has been reached by then, the current Koch-led CDU government will stay on. While such a government would be largely ineffective without parliamentary support, Hesse went through this once before for over a year in the early 1980's. The new parliament can also call for new elections by a simple majority vote, a decision that would be risky for all.

17. COMMENT: The deadlock in Hesse is a product both of intransigence at the local level and of the state's national importance. With all sides staking out turf for the 2009 federal election, both Hesse and Hamburg could set a precedent for a future national government. Hesse politicians will wait for the Hamburg

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results before making any serious moves, but the safest scenario for the CDU and the SPD would be a Grand Coalition that replicates the situation on the federal level and breaks no new ground. However, both the CDU and the SPD still have hopes of leading a government with support from the FDP and the Greens in Hesse, with the tacit goal of opening the possibility at the national level as well, as all sides try to cope with the new five-party landscape in Germany.
END COMMENT.

17. This cable was coordinated with Embassy Berlin and Consulate General Hamburg.

POWELL